

SERFF Tracking Number: UHLC-127367999 State: District of Columbia  
 Filing Company: UnitedHealthcare Insurance Company State Tracking Number:  
 Company Tracking Number:  
 TOI: H16G Group Health - Major Medical Sub-TOI: H16G.002C Large Group Only - Other  
 Product Name: DC KA UHCIC 10-01-11 Rate Filing  
 Project Name/Number: /

**Rate Information**

Rate data applies to filing.

**Filing Method:** Review & Approval  
**Rate Change Type:** Decrease  
**Overall Percentage of Last Rate Revision:** -1.500%  
**Effective Date of Last Rate Revision:** 07/01/2010  
**Filing Method of Last Filing:** Review & Approval

**Company Rate Information**

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
UnitedHealthcare Insurance Company	Decrease	-1.500%	-1.500%	\$-2,153,259	212	\$143,550,617	-1.500%	-1.500%
<b>Product Type:</b>	<b>HMO</b>	<b>PPO</b>	<b>EPO</b>	<b>POS</b>	<b>HSA</b>	<b>HDHP</b>	<b>FFS</b>	<b>Other</b>
<b>Covered Lives:</b>		800		29,520				
<b>Policy Holders:</b>		13		199				

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## Rate Review Details

### COMPANY:

Company Name: UnitedHealthcare Insurance Company  
HHS Issuer Id: 00000  
Product Names: UHCIC  
Trend Factors: The annual pricing trend is 12%.

### FORMS:

New Policy Forms:  
Affected Forms:  
Other Affected Forms: POL.I.07.DC et al, POL.I.09.DC et al

### REQUESTED RATE CHANGE

#### INFORMATION:

Change Period: Other  
Member Months: 349,496  
Benefit Change: Decrease  
Percent Change Requested: Min: -1.5 Max: -1.5 Avg: -1.5

#### PRIOR RATE:

Total Earned Premium: 143,550,617.00  
Total Incurred Claims: 103,716,638.00  
Annual \$: Min: 404.58 Max: 404.58 Avg: 404.58

#### REQUESTED RATE:

Projected Earned Premium: 148,207,487.00  
Projected Incurred Claims: 108,711,948.00  
Annual \$: Min: 424.06 Max: 424.06 Avg: 424.06

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## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	DC KA UHCIC 10-1-11 Tables	POL.I.07.DC et al, POL.I.09.DC et al	Revised	Previous State Filing Number: Percent Rate Change Request:	DC-LG-UHCIC-2011-10-Exhibits.pdf

## UnitedHealthcare Insurance Company

### Large Group (51 or More Eligible Employees) Rating Instructions: District of Columbia

**Note:** This is only a general description of the large group rating process. The actual process varies, depending on the amount and detail of group experience provided and on group-specific factors that the underwriters, in their judgment, believe to be appropriate for rating a particular group. UHIC may adjust or add appropriate rating factors or rating steps to accommodate alternative funding methods, such as rate credit eligibility, retrospective rating, minimum premium, or other methods.

#### Manual Claim Costs

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- Step [1] Find INFULL PMPM rate from Table A.
- Step [2] Multiply [1] by the trend factor; see Table A.
- Step [3] Multiply [2] by the area factor; see Table C.
- Step [4] Multiply [3] by the plan relativity factor from Table A, if the plan is shown there. Table A shows selected, representative plans only. If the plan selected is not shown in Table A, use a factor for the plan that is actuarially equivalent to and consistent with the factors for the plans in Table A. The actuary will provide the factors for other plans not in Table A.
- Step [5] Calculate the group's age factor from Table B and industry factor from Table D.
- Step [6] Multiply [4] and [5] to get manual PMPM claim cost.
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#### Experience Claim Costs

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- Step [7] From the claims in each experience year, subtract claims in excess of the large claim pooling level, which depends on the number of employees in the group.
- Step [8] Adjust [7] for benefit plan changes from the experience period to the upcoming year.
- Step [9] For each experience year, divide [8] by each year's member months to determine the PMPM claim costs for that year.
- Step [10] Trend the experience from [9] from the experience midpoint to the midpoint of the upcoming plan year.
- Step [11] Determine weighted average trended PMPM claim cost: apply weights to each experience year's PMPM. Weights by year are based on underwriter judgement.
- Step [12] Add the large claim pooling charge to [11] to get the experience PMPM claim cost.
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#### Blended Claim Costs

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- Step [13] Blend together the manual claim costs [6] and experience claim costs [12] using appropriate credibility factors. The weight applied to the customer's own experience [12] is based on the number of member months of experience, with underwriter discretion to adjust for factors which, in their judgment, they believe to be appropriate for a particular group.
- Step [14] Divide the blended PMPM projected claim cost [13] by (100% minus the retention and commission percentages). Refer to Table E.
- Step [15] Apply contract factors to [14] to derive tier rates for single employee, family, and, if applicable, other rate tiers. The underwriter determines these contract factors based on group-specific data.

**Table A**

**UnitedHealthcare Insurance Company**

**District of Columbia  
INFULL Rates, Trend, and Representative Plan Rate Relativities**

**INFULL Rates**

	as of
	<u>10/01/2011</u>
EPO Medical:	\$316.85
POS Medical:	\$335.87
PPO Medical:	\$360.27
Indemnity Medical:	\$603.50
Prescription Drug:	\$91.55

**Annual Trend Rate**

	as of
	<u>10/01/2011</u>
Medical:	12.0%
Prescription Drug:	12.0%

**Plan Relativity Factors**

Factors for selected, representative plans only. Please refer to the instructions for rating other plans, and consult the actuary for the factors for other plans. The factors for other plans will be actuarially equivalent to the factors below. For the HSA plans, the rate relativity includes the cost for 10/30/50 Rx.

Product Type	Plan Code	Plan Relativity	In-Network Benefits				Out-of-Network Benefits		
			Ded. Ind/Fam	Coins.	Phys. Copay	OOP Ind/Fam	Ded. Ind/Fam	Coins.	OOP Ind/Fam
EPO	D0A	0.9418	n/a	100%	10/20	1000/3000	n/a	n/a	n/a
EPO	D0E	0.8299	250/750	90%	15/30	2000/6000	n/a	n/a	n/a
EPO	D0I	0.6870	1000/3000	80%	30/60	3000/9000	n/a	n/a	n/a
POS	D0X	0.9143	n/a	100%	15/30	1500/4500	500/1500	80%	3000/6000
POS	D06	0.7665	500/1500	90%	25/50	2500/7500	1000/3000	70%	4000/8000
POS	D08	0.6374	1500/4500	70%	30/60	4000/12000	2000/6000	50%	8000/16000
PPO	D9B	0.9307	n/a	100%	15/30	n/a	500/1500	80%	3000/6000
PPO	D9A	0.8978	n/a	100%	20/40	1500/4500	1000/3000	80%	6000/12000
PPO	7GM	0.6937	1000/2000	80%	30/30	4000/8000	2000/4000	60%	10k/20k
Indemnity	D7A	0.6951	1500/4500	80%	0	4k/12k	combined with in-network		
Indemnity	D7B	0.6757	2000/6000	80%	0	4k/12k	combined with in-network		
EPO-HSA	D0T	0.9065	1200/2400	100%	0	2400/4800	n/a	n/a	n/a
EPO-HSA	D0S	0.6971	1500/3000	90%	0	3000/6000	n/a	n/a	n/a
EPO-HSA	D0Q	0.5675	3000/6000	80%	0	5950/11900	n/a	n/a	n/a
POS-HSA	I0K	0.9048	1200/2400	100%	0	2400/4800	2400/4800	80%	4.8k/9.6k
POS-HSA	I0J	0.6964	1500/3000	90%	0	3000/6000	3000/6000	70%	6k/12k
POS-HSA	I0H	0.5640	3000/6000	80%	0	5950/11900	6000/12000	60%	12k/24k
PPO-HSA	7QA	0.8978	1250/2500	100%	0	2.25k/4.5k	3250/6500	80%	4.25k/8.5k
PPO-HSA	7QC	0.7866	2000/4000	100%	0	3k/6k	4000/8000	80%	8k/16k
PPO-HSA	7HN	0.5994	3000/6000	80%	0	4k/8k	5000/10000	60%	6k/12k
Rx	S5	0.5379	copays: 7/25/45, 2.5x home delivery						
Rx	H9	0.4803	copays: 10/30/50, 2.5x home delivery						
Rx	2V	0.4499	copays: 10/35/60, 2.5x home delivery						

Underwriters may modify any of the above rates or factors as necessary to reflect the situation of a particular group. Final rates include adjustment for factors that the underwriters, in their judgment, believe to be appropriate for a particular group. UHIC may adjust or add appropriate rating factors to accommodate alternative funding methods, such as rate credit eligibility, retrospective rating, minimum premium, or other methods.

**Table B**

**UnitedHealthcare Insurance Company**

**Age Factors: District of Columbia**

Age Bracket			Male	Female
Child			0.524	0.524
Under	25		0.328	0.752
25	to	29	0.409	0.983
30	to	34	0.521	1.143
35	to	39	0.668	1.139
40	to	44	0.828	1.170
45	to	49	1.059	1.378
50	to	54	1.452	1.665
55	to	59	1.890	1.966
60	to	64	2.559	2.335
65+ Medicare Secondary			3.451	2.784
Medicare Primary			1.251	1.251

For student health plans, a factor of 0.96 (male) and 0.94 (female) will be applied to the above age "under 25" factors. Older students may be charged an actuarially justified higher factor.

Underwriters may modify any of the above rates or factors as necessary to reflect the situation of a particular group. Final rates include adjustment for factors that the underwriters, in their judgment, believe to be appropriate for a particular group.

**Table C**

**UnitedHealthcare Insurance Company**

**Intermarket Area Factor Table**

Market	Area Factor
All	1.000

**Table D**  
**UnitedHealthcare Insurance Company**  
**Industry Factors: District of Columbia**

<u>SIC Code</u>	<u>Industry</u>	<u>Industry Factor</u>
5012	Automobiles and Other Motor Vehicles	1.075
5511-5599	Auto Dealers / Auto Supply Stores / Service Stations	1.075
5812-5813	Eating and Drinking Places	1.075
7011-7041	Hotels / Motels / Lodging / Camps	1.075
7513-7549	Auto Rental & Leasing, Repair, Services, Parking	1.075
8011-8099	Health Services	1.150
8211-8299	Schools, Colleges, Educational Services	1.075
9111-9721	Public Administration / Government	1.075
	All Other	1.000

Underwriters may modify any of the above rates or factors as necessary to reflect the situation of a particular group. Final rates include adjustment for factors that the underwriters, in their judgment, believe to be appropriate for a particular group.

**Table E**  
**UnitedHealthcare Insurance Company**  
**Common Retention Factors: District of Columbia**

<u>Item</u>	<u>Percentage of Premium</u>
Administrative Expense, Risk Charge, Profit	13.0%
Premium Tax	2.0%
Commissions	Varies by Group

Underwriters may modify any of the above rates or factors as necessary to reflect the situation of a particular group. Final rates include adjustment for factors that the underwriters, in their judgment, believe to be appropriate for a particular group.

**Table F**  
**UnitedHealthcare Insurance Company**  
**Benefit Riders**

**Gastric Bypass Rider**

Additional 4.4% load to the group's premium rate as determined in this manual.

**Rate Changes**

**Exhibit 1**

<u>Annual Trend Rates (from Table A)</u>		<u>Current</u>	<u>Proposed</u>	<u>% Chg</u>
Medical		12.5%	12.0%	-0.5%
Rx		12.5%	12.0%	-0.5%

InFull Rates (from Table A)

Product	<u>Current</u>				<u>Proposed</u>		<u>% Chg</u>
	<u>7/1/11</u>	<u>9 Months</u>	<u>10/1/11</u>	<u>10/1/11</u>	<u>%</u>		
<u>Type</u>	<u>Rate</u>	<u>Trend</u>	<u>Rate</u>	<u>Rate</u>	<u>Chg</u>		
EPO	299.64	1.125^(9/12)	327.31	316.85	-3.2%		
POS	317.60	1.125^(9/12)	346.93	335.87	-3.2%		
PPO	340.70	1.125^(9/12)	372.17	360.27	-3.2%		
Indemnity	570.71	1.125^(9/12)	623.42	603.50	-3.2%		
Rx	63.51	1.125^(9/12)	69.38	91.55	32.0%		

Plan Relativity Factors - (from Table A)

<u>Product</u>	<u>Plan</u>	<u>Current</u>	<u>Proposed</u>	<u>% Chg</u>
EPO	D0A	0.9351	0.9418	0.7%
EPO	D0E	0.8274	0.8299	0.3%
EPO	D0I	0.6812	0.6870	0.9%
POS	D0X	0.9076	0.9143	0.7%
POS	D06	0.7603	0.7665	0.8%
POS	D08	0.6297	0.6374	1.2%
PPO	D9B	0.9259	0.9307	0.5%
PPO	D9A	0.8932	0.8978	0.5%
PPO	7GM	0.6953	0.6937	-0.2%
Indemnity	D7A	0.7017	0.6951	-0.9%
Indemnity	D7B	0.6807	0.6757	-0.7%
EPO-HSA	D0T	0.8450	0.9065	7.3%
EPO-HSA	D0S	0.7618	0.6971	-8.5%
EPO-HSA	D0Q	0.5885	0.5675	-3.6%
POS-HSA	I0K	0.8340	0.9048	8.5%
POS-HSA	I0J	0.7512	0.6964	-7.3%
POS-HSA	I0H	0.5781	0.5640	-2.4%
PPO-HSA	7QA	0.8326	0.8978	7.8%
PPO-HSA	7QC	0.7395	0.7866	6.4%
PPO-HSA	7HN	0.6189	0.5994	-3.1%
Rx	S5	0.6960	0.5379	-22.7%
Rx	H9	0.6084	0.4803	-21.1%
Rx	2V	0.5457	0.4499	-17.6%

Benefit Plan Rate Changes - Combination of the Above InFull Rate and Relativity Factors

<u>Product</u>	<u>Plan</u>	<u>Current</u>			<u>Proposed</u>			<u>% Chg</u>
		<u>InFull</u>	<u>x Rel.</u>	<u>= Rate</u>	<u>InFull</u>	<u>x Rel.</u>	<u>= Rate</u>	
EPO	D0A	327.31	0.9351	306.07	316.85	0.9418	298.40	-2.5%
EPO	D0E	327.31	0.8274	270.82	316.85	0.8299	262.97	-2.9%
EPO	D0I	327.31	0.6812	222.97	316.85	0.6870	217.69	-2.4%
POS	D0X	346.93	0.9076	314.88	335.87	0.9143	307.08	-2.5%
POS	D06	346.93	0.7603	263.77	335.87	0.7665	257.45	-2.4%
POS	D08	346.93	0.6297	218.46	335.87	0.6374	214.08	-2.0%
PPO	D9B	372.17	0.9259	344.59	360.27	0.9307	335.31	-2.7%
PPO	D9A	372.17	0.8932	332.42	360.27	0.8978	323.44	-2.7%
PPO	7GM	372.17	0.6953	258.77	360.27	0.6937	249.92	-3.4%
Indemnity	D7A	623.42	0.7017	437.45	603.50	0.6951	419.48	-4.1%
Indemnity	D7B	623.42	0.6807	424.36	603.50	0.6757	407.76	-3.9%
EPO-HSA	D0T	327.31	0.8450	276.58	316.85	0.9065	287.22	3.8%
EPO-HSA	D0S	327.31	0.7618	249.35	316.85	0.6971	220.88	-11.4%
EPO-HSA	D0Q	327.31	0.5885	192.62	316.85	0.5675	179.81	-6.7%
POS-HSA	I0K	346.93	0.8340	289.34	335.87	0.9048	303.90	5.0%
POS-HSA	I0J	346.93	0.7512	260.62	335.87	0.6964	233.91	-10.2%
POS-HSA	I0H	346.93	0.5781	200.56	335.87	0.5640	189.43	-5.5%
PPO-HSA	7QA	372.17	0.8326	309.87	360.27	0.8978	323.46	4.4%
PPO-HSA	7QC	372.17	0.7395	275.22	360.27	0.7866	283.40	3.0%
PPO-HSA	7HN	372.17	0.6189	230.33	360.27	0.5994	215.96	-6.2%
Rx	S5	69.38	0.6960	48.29	91.55	0.5379	49.25	2.0%
Rx	H9	69.38	0.6084	42.21	91.55	0.4803	43.97	4.2%
Rx	2V	69.38	0.5457	37.86	91.55	0.4499	41.19	8.8%

Benefit Plan Rate Changes - Total of Medical + Rx H9 (10/30/50)

Note: Integrated medical/Rx plans not shown here because the medical rate already includes the Rx cost.

<u>Medical</u>	<u>Current</u>			<u>Proposed</u>			<u>% Chg</u>
	<u>Medical</u>	<u>Rx</u>	<u>Total</u>	<u>Medical</u>	<u>Rx</u>	<u>Total</u>	
D0A	306.07	42.21	348.28	298.40	43.97	342.37	-1.7%
D0E	270.82	42.21	313.03	262.97	43.97	306.94	-1.9%
D0I	222.97	42.21	265.17	217.69	43.97	261.66	-1.3%
D0X	314.88	42.21	357.08	307.08	43.97	351.05	-1.7%
D06	263.77	42.21	305.98	257.45	43.97	301.42	-1.5%
D08	218.46	42.21	260.67	214.08	43.97	258.05	-1.0%
D9B	344.59	42.21	386.80	335.31	43.97	379.28	-1.9%
D9A	332.42	42.21	374.63	323.44	43.97	367.41	-1.9%
7GM	258.77	42.21	300.98	249.92	43.97	293.89	-2.4%
D7A	437.45	42.21	479.66	419.48	43.97	463.45	-3.4%
D7B	424.36	42.21	466.57	407.76	43.97	451.73	-3.2%

Gastric Bypass Rider (from Table F)

<u>Current</u>	<u>Proposed</u>	<u>% Chg</u>
10.0%	4.4%	-5.6%

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Sub-TOI: H16G.002C Large Group Only - Other

## Supporting Document Schedules

**Item Status:**                      **Status**  
**Date:**

**Satisfied - Item:**      Actuarial Justification

**Comments:**

**Attachment:**

DC-LG-UHCIC-2011-10-ActMemo.pdf

**Item Status:**                      **Status**  
**Date:**

**Satisfied - Item:**      Cover Letter

**Comments:**

**Attachment:**

DC-LG-UHCIC-2011-10-Cover.pdf

**Actuarial Memorandum**  
**UnitedHealthcare Insurance Company**  
**Rating Manual for Groups of 51 or More Employees**

August 11, 2011

The purpose of this filing is to comply with the requirements of District of Columbia. This rating manual, dated October, 2011, presents the manual premium rates for MIN (managed indemnity), PPO (preferred provider), and POS (point of service) benefit plans.

Description of Changes Made to Rating Factors.

1) Benefit plan pricing and overall rate reduction.

Effective October 2011, we are changing the rate relationships between our benefit plans. While the rates for some benefit plans will decrease and some will increase, overall, in total for the business on each of our licenses (we wish to keep our rates consistent between our HMO and insurance company licenses), based on the current distribution of membership by benefit plan, these changes represent a rate reduction of 1.5%.

Our previous medical plan relativities were developed using an older version of our pricing model ARC (Actuarial Relativity Calculator). The plan relativities for all our plans were recalculated using our new ARC version. This ARC version incorporates new and updated UnitedHealthcare nationwide experience data. It contains utilization frequencies and unit costs by service category, and claim distributions and adjustment factors for a large number of plan design variables.

Benefit design parameters such as deductibles, coinsurance, copays, out-of-pocket maximums, etc. were input for each plan into the new ARC. The expected claim PMPM for each plan was then used to develop plan relativities for each benefit plan. All benefit plans are priced consistently with each other, with the rates different only by the estimated value of the benefit differences.

New prescription drug plan relativities were similarly developed, using an update to our Rx Pricing Model, which was updated from nationwide prescription drug experience. This model values the cost difference of Rx copays by tier, and other plan cost sharing features such as Rx deductibles and coinsurance.

Based on an analysis of our "medical vs. Rx" claim costs compared to our "medical vs. Rx" premiums, we have determined that we currently have too much pricing weight to medical, and not enough pricing weight to Rx. We are thus increasing our Rx plan rates, and decreasing our medical plan rates.

The medical and Rx InFull rates were adjusted, using current membership by plan as weights, to overall reduce revenue by 1.5%.

Please see Exhibit 1 for details on the rate changes. In addition to the separate InFull Rate and Plan Relativity Factor changes (the rating factors on Table A), this exhibit also displays the rate change by the combination of InFull rate and plan relativity factor (relationships between allowed-to-net claims, i.e. from the InFull rate to the benefit plan factor, are changing, especially on Rx, where the InFull rate is increasing because of lower Rx plan factors) and for total medical+Rx (since all customers must have both medical and Rx coverage, and the price relationship between medical and Rx is changing, as discussed above).

The overall 1.5% rate reduction was based on an analysis of recent past claim experience, adjusted for the mix of business (age, gender, benefit plan, etc), compared to our current pricing manual rates. This analysis indicated a base rate reduction.

2) Also effective October 2011, we are reducing our annual trend rate from 12.5% to 12.0%.

The future trend rates are our best estimates based on an analysis of District of Columbia provider arrangements and nationwide trends in unit costs and frequencies, using both external economic indicators and internal claim data. Based on this analysis we believe our current 12.5% annual trend rate is too high. Thus we are proposing to lower this to 12.0%.

#### Expected Loss Ratio and Certification

The expected loss ratio for this filing is 82%.

Base rates and other factors are based on experience of UnitedHealthcare, as well as anticipated changes in general medical cost levels, negotiated provider contracts, and medical management protocols.

Please note that the rates presented in this filing are our table or manual rates. Rates for our customers are based in part on the customer's own past claim experience. For our larger customers, these manual rates are used primarily to evaluate the cost impact of changes in benefit plan.

I certify that this rating manual was developed according to accepted actuarial principles, is based on reasonable assumptions, and that the rates are not excessive, inadequate, or unfairly discriminatory. To the best of my knowledge and judgment, the filed rates are in compliance with the applicable laws and regulations of the District of Columbia, and the benefits are reasonable in relation to the premium charged.



Boris P. Gerber, FSA, MAAA  
Actuary  
UnitedHealthcare



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August 11, 2011

Laszlo Pentek, Actuary  
DC Department of Insurance & Securities Regulation  
810 First Street, NE Suite 701  
Washington, DC 20002

Re: UnitedHealthcare Insurance Company (UHIC)  
Large Group (51+) Rate Filing

Dear Mr. Pentek:

Enclosed please find the group health pricing manual for products offered by UnitedHealthcare Insurance Company to employers in the District of Columbia with 51 or more eligible employees. These rates are effective October 1, 2011.

Submitted via SERFF, in addition to the rate filing, is an actuarial memorandum.

Please keep these rates confidential to the extent allowed by District of Columbia law.

If you have any questions, please do not hesitate to call.

Sincerely,

Boris P. Gerber, FSA, MAAA  
Actuary, UnitedHealthcare